[Mr. I. C. Chacko.]

say 5 years. Government have therefore thought it necessary to come up before the Council for this additional grant. The remaining portion of the expenditure on this account will be met by the Anchal Superintendent from the amount provided under transit charges which comes to Rs. 32,000 for the current year. I therefore move for the grant.

MR. J. JOHN NIDIRY (*Changanachery* cum *Minachil*): Sir, I have great pleasure in supporting the grant. In doing so, I desire to bring to the notice of the House the desirability of extending the Anchal motor service to the travelling public also. I know, for some time, the motor service was running from Kottayam to Alwaye *via* Muvattupuzha and it was doing much good to the travelling public. The anchal motor service used to take some travellers also and this was a great relief to the travellers from Kottayam to Parur and Alwaye and other places. It is a well-known fact that travelling facilities in North Travancore are very poor when compared to other places. That is the reason why there is so much of complaint and demand about the extension of the railway. But I am afraid that the introduction of the railway will take some time. Till then it is better to have motor service from Kottayam to Parur so as to extend the facilities to the travelling public. I am glad that this will serve as a beginning to that end. My point is that Government should give substantial help to some respectable company so that there may be a regular bus service from Kottayam to Alwaye or Parur as we have got such service between Nagercoil and Trivandrum and Kottayam and Kottarakara. Now it will become very advantageous to the public if motor service is opened. Until we have the regular railway extension, this bus service will at least be a good substitute.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*) : May I know whether there is not the same need for having a motor service between Trivandrum and Quilon in view of the peculiar timings regarding the railway service?

PRESIDENT: I may mention, for your information, that there are buses running between Quilon and Trivandrum at present.

The grant was sanctioned.

DEMAND XXIV—LOANS.

MR. I. C. CHACKO (*Director of Industries*): Sir, I beg to move for a grant not exceeding Rs. 25,000 under Demand XXIV—Loans—for aiding the starting of a factory for desiccated cocoanut industry in the State.

You are aware, Sir, that cocoanut is commercially the most important agricultural produce of the country. Every experiment, every attempt, to enhance its value or its production must be welcome to Travancore. Some time ago, the Department of Industries took up the study of the possibility of manufacturing desiccated cocoanut in the State. I collected statistics of production and consumption of desiccated cocoanut and of the prices of this material and Malabar and

LIBRARY ARCHIVES Kerala Legislative Assembly

Ceylon copras for a few years and found that, *prima facie*, it would be possible to run the industry successfully in Travancore. The difference between the prices of desiccated cocoanut and copra went as high as £ 61 per ton in 1920. But that was an abnormal year. The difference has, however, been seldom less than £.8 per ton during the last five years. It is believed that this difference is sufficient to cover the cost of manufacture and ensure a fair profit.

However, I did not think it advisable to recommend to Government the starting, on their own account, of an industry which had to follow a widely fluctuating market. Under the circumstances, Mr. K. Joseph Kandattil of Alleppey, who has had much experience in the commerce of cocoanut products, and who has made a study of the industry in Ceylon, came forward and offered to start a desiccated cocoanut factory as an experiment at his own risk, provided the Government gave him a loan of money sufficient for the fixed capital of the factory. This capital is estimated to be Rs. 25,000 for a factory capable of producing one and a half tons of desiccated cocoanut per day, which is regarded as the economic minimum of production. For this loan Mr. Joseph offered landed security which, according to the valuation of the Dewan Peishkar, Quilon, was quite adequate.

At this stage, the proposal was sent to the Economic Development Board for an expression of their opinion. The Board thought that every endeavour to enhance the value of cocoanut should be welcome and recommended the acceptance of the proposal, especially since there was no risk whatever on the part of the Government.

A sum of Rs. 20,000 is provided in the budget for the current year for industrial loans. Of this amount, loans to the extent of about Rs. 10,000 have already been issued and many applications for small loans are pending. This loan cannot therefore be paid out of the sanctioned amount. Under the circumstances, I apply to the Council for this supplementary grant.

MR. C. SANKARA MENON (*Quilon*): May I know from Mr. Chacko whether this applicant is not able to raise money in the open market?

MR. I. C. CHACKO (*Director of Industries*): He may be able to raise money in the open market; but this being a new industry, money borrowed from the open market at the high rates of interest obtaining in Travancore would stand in the way of the improvement of the industry.

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): What is the rate of interest at which the loan is going to be issued?

MR. I. C. CHACKO (*Director of Industries*): The Government rate for industrial loans is 6 per cent.

MR. A. HOOGEWERF (*Nominated*): Is it not a fact that Messrs. Cameron and Co., about 25 years ago, tried the industry of desiccating cocoanut in their factory?

C.1 PRESIDENT: Where?

LIBRARY ARCHIVES Kerala Legislative Assembly

[President.]

MR. A. HOOGEWERF (*Nominated*) : In Quilon.

MR. I. C. CHACKO (*Director of Industries*): I know Messrs. Cameron and Co. were running a desiccated cocoanut factory in Quilon.

MR. A. HOOGEWERF (*Nominated*): Does the Director of Industries know why it stopped?

MR. I. C. CHACKO (*Director of Industries*): I have not got the details about them. I know that in those days there was not so much demand for desiccated cocoanut as there is now. I understand that, owing to the prohibition in America, there is a great demand for desiccated cocoanut there now.

MR. A. HOOGEWERF (*Nominated*): Are there many desiccating machines in Ceylon?

MR. I. C. CHACKO (*Director of Industries*): Yes, there are many. In Ceylon, they export about 35 million lbs. of desiccated cocoanut every year.

MR. A. HOOGEWERF (*Nominated*): Does the Director think it is a success there?

PRESIDENT: Of course. Otherwise he would not try to introduce it here.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): Does the Director know the applicant personally? Is he satisfied of the *bona fides* of the applicant?

PRESIDENT: Yes. He must have been.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): May I know whether, by propagandic work, it would not be possible to induce owners of cocoanut oil mills to take up this industry commercially?

PRESIDENT: They have not come forward. This gentleman alone has come forward.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): I am asking whether, for the oil mills in the State, it will not be cheaper to have this machinery also for this particular work.

MR. I. C. CHACKO (*Director of Industries*): Desiccating machinery is different from an oil mill.

MR. JOHN MACKIE (*Planters*): I can assure Mr. Krishna Aiyangar that it is impossible to work the desiccation of cocoanut along with the extraction of oil.

I should like to oppose the grant for the reason that it will never be a success. I have many years' experience in the manufacture from dessicated cocoanut and I am perfectly convinced that it will be impossible to make a success of the industry in South India.

PRESIDENT: Why should it be a failure, Mr. Mackie?

LIBRARY ARCHIVES Kerala Legislative Assembly

Mr. JOHN MACKIE (*Planters*) : I shall tell you. The price of cocoanut is based on the price of copra. The price of copra in Malabar is considerably higher than the price in Ceylon. It is a good many pounds per ton dearer.

Mr. J. JOHN NIDIRY (*Changanachery* cum *Minachil*) : May I know the difference.

Mr. JOHN MACKIE (*Planters*) : £ 4, and £ 8 per ton.

Mr. K. DOMINIC TOMMAN (*Peermade* cum *Devicolam*) : What is the difference due to ?

Mr. JOHN MACKIE (*Planters*) : The reason is that Ceylon copra is kiln-dried while Malabar copra is sun-dried and is much superior in quality thereby. Here we have long spells of fine dry weather and can readily use the sun to dry our copra while in Ceylon they have more frequent rains and have to resort to kiln-drying and in consequence their copra is blacker in colour and does not fetch such a good price.

The mills in Ceylon have been established a great many years and they know their business thoroughly. How then can one expect to make a profit when competing against those long-established mills and when one's first cost is considerably higher ? I can assure the House that if I had seen it possible to make any profit in the industry in Travancore I should have started work long ago without any assistance from Government.

Mr. J. JOHN NIDIRY (*Changanachery* cum *Minachil*) : Do they make any gain in Ceylon ?

Mr. JOHN MACKIE (*Planters*) : Occasionally ; but I have known of mills having to shut down through not being able to make a profit.

Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*) : I shall oppose the motion on other grounds also. When an industry is to be subsidised, that industry must be capable of meeting some home demand. It is only then that that industry may be supported by Government. Mr. Chacko tells us that the demand for desiccated cocoanut—

PRESIDENT : Is it an economic dictum that you are laying down ?

Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*) : It is a political and economic one.

PRESIDENT : Economically, I think, there is no harm in exporting a finished product.

Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*) : I contend that it will not justify an investment of public money unless it meets some home demand.

PRESIDENT : Then bounties will have to be abolished everywhere. Western countries give bounties to industries for exporting finished products. They will have to be abolished.

Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*) : In respect of bounty, there is no such system in India ; in India no export

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. T. K. Velu Pillai.]

is made on the bounty system. The capturing of the trade of countries outside Travancore is not the point we have before us.

PRESIDENT: Why not? That is part of the question.

MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): The factory must be of use to Travancore. But Mr. Chacko wants to meet a demand in Europe.

PRESIDENT: Simultaneously there may be a demand at home oo.

MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): But Mr. Chacko was saying that there was a demand from outside people.

PRESIDENT: He was only replying to a question put by Mr. Hoogewerf in regard to the quantity exported from Ceylon.

MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): He was talking of the demand outside, but not of the demand in Travancore. That is not any reason whatever why we should subsidise an industry for the purpose of creating a demand. It is not an important industry so far as this State is concerned; and even if we take it up, we have to make a market and we have to compete with an already overstocked market.

MR. J. JOHN NIDIRY (*Changanachery* cum *Minachil*): May I know whether he has asked Mr. Chacko whether there is a demand from British India?

MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): I contented myself with examining all the reasons he has given. I expected that, when Mr. Chacko brought forward the proposition, he would put forward all reasons possible in order to enable the Council to vote for the grant. But he has not given any reason to say that there is a demand in Travancore. In the absence of any such reason, I think this grant is not necessary. If therefore reasons can be adduced, we will be convinced of the necessity of the grant. As far as the reasons now adduced are concerned, I do not think there is any use of a desiccating factory in Travancore.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): In supporting the demand made by Mr. Chacko, there is no doubt, I experience considerable difficulty in the face of the facts mentioned by Mr. Mackie, a gentleman of very great commercial experience. It is not so very difficult to traverse the reasoning of my friend, Mr. Krishna Aiyar, who says that both politically and economically this grant should be objected to. With regard to Mr. Mackie's statement that it is not likely to be a success, I must say, Sir, that ordinarily his opinion is entitled to weight. But in commercial matters, no man, however clever he may be, will be able to forecast the condition of the future market. The demand may rise all on a sudden, and if we are not going to raise an industry now, we shall have to repent our inaction and our negligence afterwards. It was said that, twenty-five years ago, Cameron

LIBRARY ARCHIVES Kerala Legislative Assembly

and Co. tried the desiccation of cocoanuts and found it was not a success. But twenty-five years, Sir, have changed the aspect of the commercial world and what was a failure then might be a success to-day. Mr. Krishna Aiyar said that Mr. Chacko had not made out any reason that there was a demand for desiccated cocoanut in Travancore or for that matter in India. The laws of international exchange and international trade are different from what Mr. Krishna Aiyar regards them. You send your article to any place under the sun where you get the best prices. If, for a particular article you get Rs. 50 in India, and you get Rs. 500 in Van Diemen's land, you ought to send it there. This is not a question of patriotism or parochialism. The interest of the seller is the best argument. So that, even if Mr. Chacko has not adduced any reason to say that there is a demand in Travancore, it does not militate against the possibility of the grant being made.

The investment of public money on such questionable industries--I mean industries of questionable success--has also been mentioned. Sir, there is one difference between an investment under this head and the ordinary grant of expenditure with which this Council has to deal. It cannot be forgotten that here we are only giving a loan. We are not expending our fund; we will get back the loan that we now give. And for that reason, security is demanded and offered and accepted. Questions have been put, Sir, by some gentlemen on this side of the House, as to the credit of the applicant and as to the applicant being able to get his money in the open market. Such questions are foreign to the present discussion.

Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): May I know from Mr. Velu Pillai the term of years for which the loan is made?

Mr. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): That is a matter of detail which may be left to the Department. There are rules made by the Government specifying the period.

Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): In the present instance?

Mr. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): I am not speaking on behalf of the Government. When Mr. Chacko speaks, Mr. Krishna Aiyar can put him the question. I cannot answer that, because the question relates to a matter of departmental working, and my opinion, *prima facie*, will not be of any value to the House. We are only concerned with the principle. The principle is that industries which may thrive may be given a grant. Mr. Chacko has given the reasons. I learn that desiccated cocoanut in Travancore will secure better prices than the desiccated cocoanut manufactured in Ceylon. When you have got such an industry it is not like the pipe and the jar manufacture that we considered yesterday. Here is an industry which many people will take up when they see profit coming to the applicant. The result will be that Travancore will be a rich country. If we are able to get profit on our articles no man will deny that the

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. T. K. Velu Pillai.]

country will be benefited, so that it is not the individual applicant alone that will be benefited but the whole country. The question of investing the tax-payer's money should not have come up in relation to the Industries Department. The particular question here is that the Industries Department has to develop industries which may be successful. Here is the Director of Industries who has collected sufficient figures. He is placing his experience before the Council and it is only in pursuance of a policy which we have very often been laying down that he is asking for the grant. It is not to start Government concerns that the Department of Industries exists. It is to encourage people to betake themselves to particular forms of industries which may be successful from a commercial standpoint. On a previous occasion, when the Industries Department was being discussed by the members, I said, after criticising the activities of the Development Departments, that they were not doing things in the way they ought to be done:

"The people require help and backing, not control and direction, it is the want of capital that stares the intending employer in the face. Therefore the Council should see that the necessary amounts are lent to them under proper security."

Now, Sir, that I think is the right attitude of mind which should characterise the Council. It should not be obsessed by the adequacy of the security or the rate of interest. There are the rules, and if those rules are defective, let us try to modify them. There is no doubt some apprehension on the part of the people that the loans advanced for the specific purposes of agricultural or industrial improvement may be diverted from the legitimate channels after getting the loan. The people may put them to other uses. This contingency should be provided against by the vigilance of the Department. If there is any violation of the rules, the man will have to pay all the dues in a lump sum, so that we have sufficient control; and as long as the officers of the department are satisfied with the security, this House should have nothing to do with the question of adequacy of the security. Let us not usurp the function of the departmental officers to decide the adequacy of the security. It is entirely a matter for the Government and their officers. We are only considering a principle.

MR. C. SANKARA MENON (*Quilon*): May I ask Mr. Velu Pillai whether he is aware that most of the oil mills in Cochin had to be closed before the war on account of the high prices of cocoanut?

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): I am not speaking now of the oil industry. I am speaking of the desiccated cocoanut industry.

MR. C. SANKARA MENON (*Quilon*): I want to have the opinion of Mr. Velu Pillai on what would be the condition of export trade in copra but for the enhancement of the duty on it?

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): Under the rules he cannot ask me such a question. He cannot ask me a question for the expression of an opinion.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. C. SANKARA MENON (*Quilon*): I want to know the condition.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): It is a hypothetical question.

MR. K. PARAMESVARAN PILLAI (*Tiruvalla*): Mr. Velu Pillai has said that conditions have changed now. May I ask him how, since Cameron & Co. failed, those conditions have changed?

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): That seems to be a legitimate question; and if it proceeds from one who does not know the principle, it is my duty to answer. The conditions are these. At that time there was not the Industries Department in the country which would favour the starting of new industries. The public spirit that is now being cultivated by non-official gentlemen like Mr. Paramesvaran Pillai has been responsible for creating a change in the public mind. India has advanced considerably during the last twenty-five years. Various parts of the world have been drawn closer to each other by the frequency with which steamers visit the country. There is the general question of trade finance and chambers of commerce. The fact was that many of our people did not know the effect of these movements. This has turned out to be an important consideration. And the Department of Agriculture and the Departments of Industries and Co-operation have created during the last few years several enterprises; and it is during the very same period that this Legislative Council has been enabled to consider the question of these industries; so that conditions have changed. They have changed as much in the commercial world as in the political world. I am therefore very happy to support the demand. We ought not to discourage people who have got initiative and energy and who come forward and say that they are prepared to give security and only ask that some money should be lent to them for legitimate purposes. This Council has been talking so much about the expansion of particular industries which may be useful to the people, and when a man who starts a particular form of industry asks us to oblige him with a loan which is payable under the rules of the Department, we shall be stultifying ourselves if we stand up and say that the loan should not be given.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*)(*Deputy President*): I regret to say that I have to oppose the motion. Even after listening very attentively to the speeches of Mr. Velu Pillai and Mr. Chacko, I am not satisfied that a case has been made out for sanctioning the grant asked for. State aid to industries is a splendid idea and should receive not merely lip-sympathy but substantial sympathy from Indian Governments and Indian Legislatures. If we approach the question only from that aspect, every grant that is asked for towards subsidising industries started ought to be granted. But one has to take into account the funds at the disposal of the Government and the probable demands thereon and the urgency of a particular scheme before we give practical effect to the principle that the State should aid local industries. I do not like to go deeply into the merits of

LIBRARY ARCHIVES Kerala Legislative Assembly

[Rao Bahadur K. A. Krishna Aiyangar.]

the question as to whether desiccating cocoanut is going to be a paying concern or a losing concern. After all, if it is a losing concern, the Government do not lose any portion of the money that is to be lent. I am absolutely indifferent as to the party who is to get it. From Mr. Chacko's reference to the applicant, I am perfectly satisfied that the applicant is a thoroughly reliable individual who will do his level best to make a few rupees for himself and will enable his countrymen to get the best price in the sale of cocoanut. Mr. Mackie's reference to the fact that the industry is not likely to be a success in Travancore throws serious doubts on the success of the undertaking. The analogy from Colombo which Mr. Chacko mentioned is absolutely unsustainable because, as Mr. Mackie put it, the Colombo copra is much inferior to the Travancore copra and naturally desiccating copra in Colombo is bound to secure a much larger price in the market than the kiln-dried copra turned out from Ceylon.

PRESIDENT: Will not desiccated cocoanut manufactured from superior copra fetch a higher price?

MR. JOHN MACKIE (*Planters*): In desiccating, fresh nuts are used.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): I was about to say that copra as it is exported has to be dried by exposure to the sun or subjected to the processes of smoking. It is the latter process that obtains in Ceylon. So far as desiccating is concerned, whether it is Travancore copra or Colombo copra, it makes no difference. I have seen Colombo copra taken to Alleppey during the war. The disadvantage of the Colombo copra is that it presents a dark look because of the particular process adopted for getting it dry.

MR. A. HOOGEWERF (*Nominated*): Which is more expensive—drying by the sun or drying by smoke?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Surely the Sun's energy has not to be paid for. You get it dried for you by the kindness of the Sun; for the other you have to pay. From the fact that desiccated copra in Colombo gets a higher price than the ordinary copra in Colombo it does not follow that desiccated Malabar copra will get a higher price than the desiccated copra of Colombo. After all, Sir, this is an experiment of doubtful utility.

MR. J. JOHN NIDIRY (*Changanachery* cum *Minachil*): May I know from my friend whether labour here is not much cheaper than in Colombo?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): It is therefore that I submitted that you need not go into it in detail. Ultimately, the party that is going to lose is the applicant and not the Travancore Government or the Travancore tax-payer. There is no use in ignoring the result of experience of several years of working in that particular industry obtaining locally. There is that

LIBRARY ARCHIVES Kerala Legislative Assembly

fundamental point of difference to be borne in mind between the condition of copra obtaining in Ceylon and that in Travancore. However, Sir, I do not propose that the House should commit itself definitely one way or the other as to the future of the industry. Even assuming that it is an industry that is going to benefit the people, Rs. 25,000, the initial investment of capital that is required for starting that industry, is a huge figure. Supposing other applicants also come in, where are we to stop? It is certainly desirable that, if half a dozen applicants come forward, their cases should also be sympathetically considered.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): Does he mean that this industry will be started only if loans are given by the Government?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Only if they command Rs. 25,000. There are not many in the land who are able to invest such a sum.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): How many oil mills are there in the country which have been started with a capital of Rs. 20,000 and Rs. 25,000?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Most of these mills have started with an initial capital of Rs. 50,000.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): Have the Government been helping these mills?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Any Government help would certainly be welcome to them, because they have to pay interest at the rate of 15 per cent. to the banker from whom they borrow. If Government were prepared to help the existing industries on adequate securities, they would be able to make a much better margin of profit than now.

My next submission is that these large-scale industries are not necessarily the most preferential items to which the Government should lend support. It is the encouragement of cottage industries by adequate and special loans with reasonable rates of interest—6 per cent. is perfectly reasonable—that is desirable. If on adequate security you can put these Rs. 25,000 into the hands of 50 people at the rate of Rs. 500 per head, I think there is scope for considerable development for cottage industries instead of exhausting all the available capital in the starting of a costly industry like desiccated copra. It certainly sounds very well that the State should aid industrial operations. The biggest industry in the State is agriculture. There is so much talk about agricultural loans. How many agricultural loans are being advanced? Of course I daresay for the last one or two years there has been ample provision, but I am told that the maximum allotted to an applicant is a couple of Rs. 100.

PRESIDENT: We have been alloting a lakh of rupees a year for the last two or three years.

LIBRARY ARCHIVES Kerala Legislative Assembly

[Rao Bahadur K. A. Krishna Aiyangar.]

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): My submission is that any amount of available funds should be utilised to meet the legitimate requirements of agriculture before you can divert any portion of it to big concerns like the starting of copra industries. I do feel that there is so much to be done towards placing agriculture on a very much more satisfactory footing than it has been possible for the Government to do. I do frankly recognise that the Government latterly have not been stinting their efforts to help the development of agriculture. I would like to divert this amount of Rs. 25,000 to help a few more agriculturists in the matter of improving the main industry of the State.

PRESIDENT: We have provided six lakhs this year.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Even if you provide 10 lakhs, there will be demand.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): Has he ever in the course of the budget session or any other session of this Council asked that a larger amount of money should be allotted for Agricultural Loans?

RAO BAHDAUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): I thought that my friend was aware of the fact that under the constitution of the Council we could only object to the grant and that we could not ask for more.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): My question has been misinterpreted. I ask whether, during the budget discussion or at any other time during the sessions of the Council, Mr Krishna Aiyangar has made any proposal that the amount allotted for agricultural loans, being very small, should be enhanced.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): I do not remember ever to have said that it was very small. I should have welcomed it if it was doubled or trebled or quadrupled. But before hazarding any suggestion, I should have been thoroughly acquainted with the exact financial comitment of the Government; and not being admitted into the inner *sanctorum* or the councils of the Government I thought I should not put forth a suggestion of the kind. But that does not debar me, when an opportunity is afforded us in the Council, of questioning the appropriateness of a particular allotment. I submit I am not debarred from pointing out that, if Rs. 25,000 is available, you may with advantage invest it in the direction of agricultural loans or utilise it for the development of the cottage industries. In that view and in that view alone, I oppose the grant.

I am perfectly at one with my friend Mr. Velu Pillai that it is outside the province of the Council to enquire into the personal credit of the individual or the solvency of the security offered. Those are matters which had better be left to the Department and the Government to settle.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): Is he aware that the Government have promised financial assistance for a time to the Sugar Manufacturing and the Match Manufacturing Companies?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Yes, I know. It is rather unfair of my friend to ask me to pronounce my opinion in regard to that.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): I only ask whether he is aware that the Government have promised financial assistance to the Sugar and the Match factories.

RAO BAHADUR K. A. KRISHNA AIYANAGR (*Nominated*) (*Deputy President*): I am aware of that. Some persons asked me to take up shares in a concern known as the Travancore Sugars. I told them that the recent history of joint stock companies in Travancore was not encouraging. Beyond that, I know absolutely nothing.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): Is a loan different from taking up a share?

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): This is not the occasion for me to reply to him on the point. It will be irrelevant also. I may tell him that, in the matter of purchasing shares, my experince has been anything but encouraging; that does not mean that I went into the question of the possibility of that industry turning out successful.

MR. K. C. MAMMEN MAPPILLAI (*Commerce and Industry, North*): I think there is no difference of opinion as to the advisability and desirability of the State coming forward to help forward pioneer industries. It is being done on a very large scale in far more advanced countries—countries whose people are much better able to stand on their own legs in industrial matters without any financial support from the Government. Such being the case, the cry has gone forth both in the Popular Assembly and in the public Press that the Government are not doing what they ought to do in the matter of the encouragement of industries, especially pioneer industries. Consequently, it is a matter for congratulation that the Director of Industries has formulated a scheme for State aid to industries. The principle in itself, I am sure, is unexceptionable and the House ought to welcome the opportunity of showing its approval of the direction in which the Government are moving.

It has been said that State aid should be given only for the promotion of industries for which there is a home demand and that since there are other directions in which money could be utilised with greater profit the money which it is proposed to devote to this particular matter should be utilised in better ways. I beg to differ from both these points for one thing because even the very best object could not monopolise all the resources of the Government. No doubt, different degrees of liberality may be displayed to different purposes according to the degree of their importance. It may be said that, if there is an industry which meets a demand, it should be encouraged. It is not an axiomatic fact and it is not a final statement of the case. For example, it may be

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[Mr. K. C. Mammen Mappillai.]

argued with equal force that any industry which tends to increase the material prosperity of the country is deserving of encouragement. As every one knows, cocoanut is one of the main products of Travancore, and if the starting of this industry tends to increase the price of cocoanut, even though it may cause an injury to extisting local mills, that is nothing when compared to the benefit that thousands and thousands of people who are owners of cocoanut trees may derive therefrom.

MR. A. HOOGEWERF (*Nominated*): Will it not hit the man who is making the experiment himself?

MR. K. C. MAMMEN MAPPILLAI (*Commerce and Industries, North*): I do not quite follow Mr. Hoogewerf.

PRESIDENT: He wants to know whether the person who is engaged in this experiment will not lose.

MR. K. C. MAMMEN MAPPILLAI (*Commerce and Industries, North*): My point is that whatever injury may be inflicted on individuals the rise in the price of cocoanut will benefit the largest number of people. That ought to be the material consideration for our decision in this matter. Such being the case, I am heartily in favour of the proposition on its own merits; and I am also glad of the opportunity of stating before the House that the applicant is a well-known person who has a very high reputation in the town of Alleppey for integrity and commercial shrewdness. Therefore on personal grounds also, I have great pleasure in supporting the proposal. Then again, the form in which the help is to be given is unexceptionable. On a former occasion, when a proposal to help the Sugar Industry came before the Economic Development Board—I was also then a member of the Board—we made the recommendation that the Government should not take shares in the concern, because, if the concern failed, the money of the public would also be lost. Therefore we stipulated in the Economic Development Board that whatever help the Government was prepared to give to the Sugar Company should take the form of debentures secured on the machinery and the land and other concerns of the company, so that there might be some kind of security for Government money. Even then if the machinery and other things proved useless, then the money would be lost. But here is a proposition in which the Director asks the Government to give money on sufficient security. In that case, even if the worse comes to the worst, it is only the applicant that will suffer. It is the duty of the Government to see that adequate security is taken and the terms are made in every way satisfactory to the Government. The Director of Industries is a responsible officer; he has come forward and said that there is scope for starting a profitable industry and there is a gentleman of admitted integrity and material resources who has been long in the cocoanut business in Alleppey coming forward with adequate landed security for whatever money the Government is prepared to give. So I am of opinion that the shape in which the help is sought to be given is to be

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commended. Mr. Mackie stood up and said that from his own experience the prospect was not as bright or as rosy as the Director pictured it to be. I am sure the Director of Industries as also the applicant who is a shrewd man will consult Mr. Mackie and see if these considerations have to be taken into account. This House cannot go into details. On the general principle as well as for these specific reasons, I have very great pleasure in supporting the demand made by Mr. Chacko.

MR. JOSEPH PANJIKARAN (*Shertallai*): I also support the motion. In a country like Travancore where the people are very backward in the matter of industrial enterprise, I think it is the duty of the Government to encourage an industry of this nature. I would even go to the extent of saying that it is its duty not only to encourage but also to start industries of this kind for demonstrational purposes. It may be that in such cases the Government may be put to loss. But in this particular case we are sure that proper security will be taken from the applicant and Government will not lose the money advanced. We shall get a reasonable rate of interest that is provided for under the rules for industrial loans. At the same time, we are sure of the money we advance, and the applicant who is a private individual is ready to take it up at the usual rate of interest. This is for the advantage of the public of Travancore. If he meets with a loss he loses, and the country is profited by his experience. As a matter of fact, you have no industry of this kind in Travancore. This is the first time that this is going to be tried in this country. On the question of its success there seems to be some difference of opinion. The Director of Industries says that it would be profitable. Some of our friends on this side of the House think that it would be a losing concern; especially my friend Mr. Mackie says that it will be a loss. Let us take it for granted that it will be a loss. Even then, is it not an experiment worth being made? Is it not better that, instead of taking it for granted that it will be a loss according to the experience of one gentleman, we should have the experiment made, especially when the Government is not going to lose? From the statement of Mr. Mackie, it would be seen that there are some markets for this commodity. If it be such a losing concern I do not see why these people should continue although the profit is very little. The other objection raised is: "Why not the man raise the money in the open market?" I think this is an argument that can be advanced against every application for industrial loans.

MR. C. SANKARA MENON (*Quilon*): Are there not cases in which applications have been refused?

MR. JOSEPH PANJIKARAN (*Shertallai*): There are certain cases in which the application may be refused on grounds as to the nature of the security or on some other grounds. But in this particular case Mr. Krishna Aiyangar says he knows the person to be a man of admitted intergrity. He comes in only for a loan.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): May I draw his attention to Mr. Chacko's statement that the capital contemplated is Rs. 25,000?

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[Mr. T. K. Velu Pillai.]

MR. JOSEPH PANJIKARAN (*Shertallai*): This is only for fitting up the factory. That is how I have understood him, and that forms only a fraction of the expenditure that the applicant will have to incur for carrying on this industry. Then the other serious argument that was urged was, why not divert the amount for agricultural purposes? Of course, this is an argument which cannot prevail, for that can be put forward in the case of any loan. This is a concern which, if it succeeds, will stimulate others to take up the same, as we know in the case of the oil mill industry. If, on the other hand, the applicant loses, he alone loses, and why should we be nervous about it?

MR. A. HOOGEWERF (*Nominated*): I had very great sympathy with Mr. Chacko's motion. It is not an experiment to be made by Government, but by an individual who wanted a loan from Government and the individual who seeks the loan is prepared to take his chance of success or failure. If the venture is a success, he will be profited, and along with him, the country also will stand to gain. But after hearing what Messrs. Krishna Aiyangar and Mackie had to say in the matter, I am rather sorry that my sympathy for Mr. Chacko's motion has vanished. Mr. Mackie, a thorough man of business, one who has had tremendous experience of commercial business in Ceylon and Travancore and who belongs to a firm which tries to explore every big commercial enterprise, has stated that failure is stamped upon this scheme. Therefore, I object to it as I think his words are entitled to a great deal of weight. The reason is copra is dearer in Travancore than it is in Ceylon. It pays a man in Ceylon if he turns raw cocoanut into desiccated cocoanuts, whereas in Travancore if the raw cocoanut is turned into copra, it is of a higher value than it is in Ceylon. That was what I understood Mr. Mackie to say. Moreover, the conditions here and there are very different. Mr. Cameron tried a factory at Quilon for this purpose. Probably these may be the factors that contributed to the failure of the enterprise then.

MR. P. K. NARAYANA PILLAI (*Amba'apuzha*): May I know what the price of cocoanuts was 25 years ago?

MR. A. HOOGEWERF (*Nominated*): I do not deal in cocoanuts. May I ask him if he can let me know whether he wants the price per 100 or 1,000?

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): Per thousand.

MR. A. HOOGEWERF (*Nominated*): About one-third or half of the present price. Mr. Cameron tried the experiment and the fact remains that it was a failure, and the machinery probably became scrap iron.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): May I know from Mr. Hoogewerf whether he knows that Mr. Cameron's tile works was a success?

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. A. HOOGEWERF (*Nominated*): I was not in charge of the tile works. (*Laughter.*)

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): May I know from Mr. Hoogewerf whether he was in charge of the cocoa-nut desiccating factory?

MR. A. HOOGEWERF (*Nominated*): I know that the factory ceased to exist.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): Has he seen Cameron's tile works?

MR. A. HOOGEWERF (*Nominated*): Yes, I have.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): Was it a success?

MR. A. HOOGEWERF (*Nominated*): I had nothing to do with it. But I know it was taken on by Mr. Mackie afterwards who made tremendous profits.

Mr. Krishna Aiyangar said that here we were advancing a big amount to a single individual, and that this amount could very well be utilised for promoting agriculture and cottage industries that were being starved. Look at the weaving industry. Should not the Government give their money for helping so many little cottage industries that are being stifled now which will help the poor man rather than lend a large sum of money to big schemes the success of which is problematical?

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): May I know from Mr. Hoogewerf whether he is aware that Mr. Krishna Aiyangar voted in favour of the pipe and jar industry yesterday?

PRESIDENT: That has nothing to do with this.

MR. A. HOOGEWERF (*Nominated*): I do not care whether he voted for or against it.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): As regards the pipe industry, I voted against the grant being made.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): Does Mr. Hoogewerf think that the manufacture of pipes by the Industries Department is to be encouraged in preference to the desiccating industry?

PRESIDENT: How does it arise out of this?

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): I shall submit to your ruling. Mr. Hoogewerf said that cottage industries must be encouraged. But yesterday the manufacture of pipes by machine was encouraged by a grant.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): No. The grant was disallowed by the House.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): Anyhow the question was discussed. I am asking Mr. Hoogewerf

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[Mr. I. C. Chacko.]

whether he would consider the manufacture of desiccated cocoanuts as a better industry than the pipe industry.

Mr. A. HOOGEWERF (*Nominated*): I am not a specialist.

PRESIDENT: I must say that it does not arise.

Mr. A. HOOGEWERF (*Nominated*): I am extremely sorry to oppose the motion, unless Mr. Chacko makes out a very strong case in his concluding speech.

Khan Sahib M. K. KHADIR PILLAI (*Nominated*): As a member of the Economic Development Board, I think it my duty to support the motion.

Mr. P. K. NARAYANA PILLAI (*Ambalapuzha*): May I know whether Mr. Khadir Pillai is opposing or supporting the motion?

PRESIDENT: He says he is supporting it.

Mr. I. C. CHACKO (*Director of Industries*): Sir, Mr. Mackie in his speech stated that there was a difference between the prices of Ceylon and Malabar copra and he did not say what exactly was the difference.

PRESIDENT: He said that the difference in prices ranges from £4 to £8 per ton.

Mr. I. C. CHACKO (*Director of Industries*): I have collected some statistics from the *Times' Trade Supplement* which show that, during the last three years, the difference was not great. I have here statistics from 21-1-'22. On that date, the price of Malabar cocoanut was £ 27 and that of Ceylon £ 26. I have noticed that the price of Malabar cocoanut on March 1923 was £ 30 whereas the price of Ceylon cocoanut was £ 27 and 15 s.

Mr. JOHN MACKIE (*Planters*): May I know from Mr. Chacko whether he is aware that very little copra has been exported during the last three years from Southern India?

Mr. I. C. CHACKO (*Director of Industries*): Well, I do not know.

Mr. JOHN MACKIE (*Planters*): Will Mr. Chacko give us figures for the quantity of copra exported during the last three years?

Mr. I. C. CHACKO (*Director of Industries*): I have not got figures now.

Mr. A. HOOGEWERF (*Nominated*): Does Mr. Chacko say that copra has been exported from here?

PRESIDENT. The figures he is quoting are from centres where copra is being actually exported.

Mr. I. C. CHACKO (*Director of Industries*): I am sure it must have been exported. In July 1923, the difference was only 2 s. 6 d; and now it is on this difference that some speakers have based their criticism. The difference in price between desiccated cocoanut and copra is £ 8 and it once went up to £ 61.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. JOHN MACKIE (*Planters*): Has Mr. Chacko any data as regards the manufacture of desiccated cocoanuts?

MR. I. C. CHACKO (*Director of Industries*): I may draw his attention to one fact. He might have noticed that this cocoanut industry has never thriven in Travancore under European firms.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): They never started one in Travancore.

MR. I. C. CHACKO (*Director of Industries*): Because they cannot. The industry is in the hands of Indians and with them the cost of management is so small that Europeans cannot compete with them. That is the reason why Mr. Mackie has not been able to work the industry.

MR. JOHN MACKIE (*Planters*): Does Mr. Chacko know fully that 60 per cent. of the desiccated cocoanut manufactured in Ceylon is manufactured by European firms?

MR. I. C. CHACKO (*Director of Industries*): Many Nattukottachetties are making desiccated cocoanuts in Ceylon. But is there any European firm?

MR. JOHN MACKIE (*Planters*): Messrs. Cameron & Co. represented the Firm I was with in Ceylon and they had to give up the business because they could not make it pay.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Is Mr. Chacko aware that most of the European firms in Travancore are buying a lot of copra for being exported to Europe and America?

MR. I. C. CHACKO (*Director of Industries*): Yes. But the manufacturing business is not in the hands of Europeans. I think the difference in the price of Ceylon and Malabar copra is not so great as to preclude the possibility of manufacture of desiccating cocoanut in Travancore. As regards the cost of manufacture these are the estimates we have made. After consulting some people who have seen desiccating factories in Ceylon and who have taken statistics and made observations there, I have collected some materials and I want to show that from the difference in the price between copra and desiccated cocoanut we could get the cost of manufacturing desiccated cocoanuts and also a large margin of profits. If the House wants, I shall give details.

PRESIDENT: What would be the cost of manufacture per ton?

MR. I. C. CHACKO (*Director of Industries*): Ninety-one rupees per ton.

PRESIDENT: About £ 6.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Including interest on investment?

MR. I. C. CHACKO (*Director of Industries*): Depreciation of machinery, interest and all other things are included.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): What is the amount of income-tax upon it?

LIBRARY ARCHIVES Kerala Legislative Assembly

[Mr. I. C. Chacko.]

MR. I. C. CHACKO (*Director of Industries*): I have put down Rs. 120 per month for miscellaneous things, including income-tax.

Some of the objections raised by Mr. Mackie and Mr. Krishna Aiyar and others have been met by Mr. Velu Pillai, Mr. Panjikaran and others. The contention of Mr. Krishna Aiyar is that only industries that cater for home demand should be encouraged. With respect to that, I have only to say that I differ from him. If you observe this principle strictly, then we can find only the cooking industry which may be catering for the home demand. Anyhow that is a point on which there may be difference of opinion. I see for example in England and other countries the Government encourage the industries of which the products are exported.

MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): May we have a specific example of export industries being helped by State finance in England?

MR. I. C. CHACKO (*Director of Industries*): British dyes.

MR. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): That is because it is a key industry.

MR. I. C. CHACKO (*Director of Industries*): Mr. Krishna Aiyangar said that we ought to encourage agricultural industries and other cottage industries more than this, and Mr. Panjikaran has met that argument. I have only to say one thing more and that is that this cocoanut desiccating industry is in a way an agricultural industry because it is intended to increase the value of an important agricultural product of the country.

MR. S. ADAM SAIT (*Commerce and Industry, South*): May I know whether Mr. Chacko has approached any mill-owners concerning this matter?

PRESIDENT: That does not arise now.

MR. I. C. CHACKO (*Director of Industries*): I have privately asked some.

MR. S. ADAM SAIT (*Commerce and Industry, South*): Has he called a meeting of the mill-owners and asked them?

PRESIDENT: That does not arise now. We are only concerned with the sanction of the grant. You may adduce that as an argument for not sanctioning the grant.

MR. I. C. CHACKO (*Director of Industries*): Mr. Krishna Aiyangar asked whether we are going to grant loans to all applicants for starting such an industry. Well, Sir, this is the policy of the Government. Government are prepared to grant loans only when an industry happens to be a pioneer industry. When it has established itself and when people have seen the advantage of the industry and can start them, the Government's responsiblity of encouraging such industry ceases.

LIBRARY ARCHIVES Kerala Legislative Assembly

MR. A. HOOGEWERF (*Nominated*): What is the total capital of the whole scheme?

MR. I. C. CHACKO (*Director of Industries*): The total estimated capital is Rs. 50,000 to Rs. 70,000.

MR. M. R. MADHAVA VARIAR (*Chengannur cum Pattanamtitta*): May I know whether the applicant is worth Rs. 70,000?

MR. I. C. CHACKO (*Director of Industries*): Yes. I said in my opening speech that he wanted money only for the fixed capital, *i. e.*, for the machinery. As for the circulating capital, the banks will accommodate him.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): Do I understand from Mr. Chacko that the whole of the initial investment is the amount that he has asked for?

MR. I. C. CHACKO (*Director of Industries*): Twenty-five thousand rupees for machinery alone, not including even land and buildings.

MR. JOHN MACKIE (*Planters*): Is Mr. Chacko aware that desiccated cocoanut is really a luxury and that the higher the price the less the demand?

MR. I. C. CHACKO (*Director of Industries*): I do not know whether it is a luxury or not, but I know that it is exported a great deal to America.

MR. JOHN MACKIE (*Planters*): For what purpose is it exported?

MR. I. C. CHACKO (*Director of Industries*): I suppose it is for confectionary.

The grant was put to the vote and passed, 25 voting *for* and 13 *against*.

LEGISLATION.

The Travancore Village Panchayats Bill.

PRESIDENT: We will now proceed to the consideration of the Village Panchayats Bill.

MR. V. SUBBA AIYAR (*Additional Head Sirkar Vakil*): Sir, I beg to place before the House the report of the Select Committee on the Village Panchayats Bill and move that the same may be taken up for consideration.

MR. S. PARAMESVARA AIYAR (*Secretary to Government*): I second it.

Clauses 1 to 4.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): Sir, I beg to move the following amendment:

Substitute the following for sub-clause 2, lines 1 and 2, in clause 3, for the words 'Any inhabitant' in sub-section (7):—

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